

BATHURST POWER
& PAPER COMPANY
LIMITED



Tenth Annual Report
1937

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BATHURST POWER AND
PAPER COMPANY
LIMITED



TENTH ANNUAL REPORT
1937

Report of Directors

To the Shareholders of

Bathurst Power and Paper Company, Limited.

The Directors present herewith the Consolidated Balance Sheet as at December 31, 1937, and Statement of Profit and Loss and Surplus Account covering operations for the year ended December 31, 1937, together with the report of the Auditors, Messrs. Price, Waterhouse & Company.

The results of the year's operations show a very substantial improvement and are the most favourable of any year in the present Company's history. Net earnings, as shown by the accompanying Statement of Profit and Loss Account, after providing for Depreciation and Dominion Income Tax, were \$454,146.73 and compare with \$47,369.93 for the previous year. Larger volume, more efficient operation as a result of the additions and improvements referred to in last year's Annual Report were the main contributing factors in the increase in earnings. The total amount for depreciation charged against earnings during the year amounted to \$292,332.22. This corresponds with \$180,972.71 in the preceding year and reflects in part the increase in property values and is in accordance with conservative policy.

Notwithstanding the expenditure of \$1,016,271.29 during the year on extensive additions and improvements to the property, and the payment of a dividend of \$0.25 per share on Class "A" Shares amounting to \$100,000, Net Current and Working Assets were \$1,887,293.21 on December 31, 1937, as compared with \$2,179,585.10 on December 31, 1936. A reduction of only \$292,291.89.

The additions to properties above referred to amounting to \$1,016,271.29 included the cost for completing the new steam power plant, and this, with the other improvements and additions to plant and equipment, will ensure more economical operation, greater manufacturing efficiency and lower costs.

The new Steam and Power Plant consists of a 650 pound pressure steam boiler unit with a capacity of 110,000 lbs. of steam per hour, operated in conjunction with a 7,500 Kilowatt, by-product and condensing steam turbine. This plant came into full operation toward the end of October last year and is already proving its efficiency. Through the installation of this plant the manufacturing operations of the Company are now assured of an adequate supply of power at all times.

Evidence of the progress resulting from the Company's policy of increasing production may be gained from the fact that sales for the year were \$3,904,523 while the corresponding figure for 1936 was \$2,069,072. Both domestic and export business showed very gratifying increases for the year and the Company's products of Kraft Liner and Box Boards have been very favourably received in the export markets.

It was stated in the 1936 Annual Report that the operations of the Cylinder Machine which was brought into production in that year had resulted in a substantial loss. It is encouraging to report that the products of this machine were marketed on a profitable basis throughout 1937.

Progress has been made with respect to the operations of the Sulphite Mill. The benefits from improvement to the plant were reflected in more efficient production methods and improvements to the quality, with the result that the Company has increased its share of the available business. Sales of Unbleached Sulphite were favourable in volume and resulted in a satisfactory profit.

The increased capacity of the Kraft Mill was fully absorbed during the year and the results therefrom were highly satisfactory.

Production of Newsprint was strictly limited due to lack of balanced power facilities. Nevertheless, the mill manufactured Newsprint on part time from the end of April onwards. This was the first Newsprint manufactured by the Company for some five years. The operation of the Newsprint Mill under these conditions contributed slightly to the Company's earnings.

Current operations have been somewhat curtailed, which is not unexpected under present conditions. The industry in Canada is facing rising costs of both labour and material but the improvements which have been made, however, place the Company in a more advantageous position to secure its share of the business available on the return of normal conditions.

The physical condition of the plant and of the hydro-electric development has been fully maintained during the year.

The Auditors, Messrs. Price, Waterhouse & Company, retire at this time, and, being eligible, offer themselves for re-election.

The Directors acknowledge with appreciation the loyal and efficient services of the officers, staff and employees of the Company.

Respectfully submitted on behalf of the Board of Directors.

R. L. WELDON,

MONTREAL, P.Q., March 14th, 1938.

President.

BATHURST POWER AND

AND SUBSIDIARIES

Consolidated Balance Sheet

ASSETS

	Dec. 31, 1937	Dec. 31, 1936
CURRENT ASSETS		
Cash in Banks, on Hand and on Call.....	\$ 299,769.57	\$ 153,478.23
Marketable Securities at book values:.....	56,230.75	707,413.47
(Quoted market value at December 31, 1937, \$56,655.00)		
Accounts Receivable (less Reserve for Doubtful Ac- counts)	360,428.50	227,897.60
Trade Deposits	23,524.49	10,833.26
Inventories of Raw Materials, Supplies and Finished Products as determined and certified to by respon- sible officials of the Company valued on the basis of average cost or market, whichever was the lower	1,330,095.58	1,220,399.10
Expenditures on current season's logging operations. . .	577,256.21	262,019.28
	<u>\$ 2,647,305.10</u>	<u>\$ 2,582,040.94</u>
PROPERTIES at book values December 31, 1934, with the cost of subsequent additions and after applying in re- duction of values Capital Surplus of \$8,804,082.45 at December 31, 1935—		
Timber Limits and Undeveloped Water Powers. . .	\$ 7,337,628.97	\$ 7,337,628.97
Buildings, Plant and Machinery	7,797,158.46	6,780,887.17
	<u>\$ 15,134,787.43</u>	<u>\$ 14,118,516.14</u>
INVESTMENTS IN AND ADVANCES TO ASSOCIATED AND OTHER COMPANIES.		
	<u>\$ 44,503.00</u>	<u>\$ 55,760.60</u>
DEFERRED CHARGES:		
Prepaid Taxes and Unexpired Insurance	\$ 17,099.87	\$ 25,406.95
Depletion on Pulpwood on hand, to be absorbed in future operations	42,687.73	47,482.69
Other Deferred Charges	85,281.76	67,309.29
	<u>\$ 145,069.36</u>	<u>\$ 140,198.93</u>
	<u><u>\$ 17,971,664.89</u></u>	<u><u>\$ 16,896,516.61</u></u>

Approved on behalf of the Board:

H. J. WEBB,
R. L. WELDON, } *Directors.*

PAPER COMPANY LIMITED

Y COMPANIES

et, December 31, 1937

LIABILITIES

	Dec. 31, 1937	Dec. 31, 1936
CURRENT LIABILITIES:		
Accounts Payable and Accrued Liabilities	\$ 490,902.91	\$ 325,359.79
Taxes and Stumpage Dues	150,543.04	67,096.05
Provision for Dominion and Provincial Taxes	118,565.94	10,000.00
	<u>\$ 760,011.89</u>	<u>\$ 402,455.84</u>

RESERVES:

Depreciation of Buildings, Plant and Machinery	\$ 1,041,445.20	\$ 768,423.93
Depletion of Timber Limits	468,046.60	401,704.74
Contingencies	24,158.95	—
Insurance Fund	14,597.65	14,072.75
	<u>\$ 1,548,248.40</u>	<u>\$ 1,184,201.42</u>

COMMON STOCK AND SURPLUS:

CLASS A: Authorized—750,000 shares without nominal or par value.

Issued—400,000 shares without nominal or par value . . \$ 14,400,000.00 \$ 14,400,000.00
(Class A shares are redeemable at \$65.00 per share upon thirty days' notice)

CLASS B: Authorized—500,000 shares without nominal or par value.

Issued—300,000 shares without nominal or par value . . 840,000.00 840,000.00

Earned Surplus as per statement attached 423,404.60 69,859.35

\$ 15,663,404.60 \$ 15,309,859.35

\$ 17,971,664.89 \$ 16,896,516.61

Contingent Liability for Trade Paper under Discount
\$161,154.81.

BATHURST POWER AND PAPER COMPANY LIMITED

AND SUBSIDIARY COMPANIES

*Consolidated Statement of Profit and Loss and Surplus Account,
December 31, 1937*

Sales.....		\$3,904,523.05
Cost of Sales, including administration and sales expenses and a provision of \$66,220.96 for depletion, but before providing for the undernoted items...		3,089,498.35
		\$ 815,024.70
Other Operating Income.....		70,085.05
		\$ 885,109.75
Officers' Remuneration.....	\$ 59,783.33	
Directors' Fees.....	1,080.00	
Legal Expenses.....	2,820.90	63,684.23
		\$ 821,425.52
Depreciation.....		287,408.25
		\$ 534,017.27
Non-Operating Income:		
Interest from Investments, etc.....		30,236.89
		\$ 564,254.16
Idle Properties Expenses.....		13,124.46
		\$ 551,129.70
Bathurst Electric and Water Power Company Limited—		
Loss from operations after charging \$4,923.97 for Depreciation and \$393 for Officers' Salaries.....		3,964.97
Combined Profit before providing for Income Taxes.....		\$ 547,164.73
Provision for Dominion Income Tax for year ended December 31, 1937....		93,018.00
		\$ 454,146.73
ADD Surplus—December 31, 1936.....	\$ 69,859.35	
Adjustment of Income Tax for prior years.....	601.48	69,257.87
		\$ 523,404.60
Deduct: Dividend Paid.....		100,000.00
Surplus—December 31, 1937.....		<u>\$ 423,404.60</u>

Auditors' Report

AUDITORS' REPORT TO THE SHAREHOLDERS:

We have made an examination of the books and accounts of the Bathurst Power & Paper Company Limited and its Subsidiary Companies for the year ending December 31, 1937, and have obtained all the information and explanations which we have required, and we report that the above Balance Sheet at December 31, 1937, is, in our opinion, properly drawn up so as to show a true and correct view of the financial position of Bathurst Power & Paper Company Limited and its Subsidiary Companies at that date, according to the best of our information and the explanations given to us and as shown by the books of the Companies.

PRICE, WATERHOUSE & CO.,
Auditors.

MONTREAL, February 23, 1938.

BATHURST POWER AND PAPER COMPANY LIMITED



Officers

R. L. WELDON.....	President
P. A. THOMSON.....	Vice-President
H. J. WEBB.....	Vice-President and Secretary-Treasurer
RAYMOND KELLY.....	Vice-President in Charge of Sales
G. A. SCHRYER.....	Asst. Treasurer
F. D. LAMONT.....	Asst. Treasurer

Directors

F. J. CAMPBELL	R. G. IVEY, K.C.
A. J. NESBITT	P. A. THOMSON
H. P. ROBINSON	JOSEPH SIMARD
H. J. WEBB	R. L. WELDON

J. B. WOODYATT

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**BATHURST PRODUCES FOR BOTH
DOMESTIC AND EXPORT
MARKETS**

1

CYLINDER BOARD—all types of folding and non-folding box boards required in the manufacture of folding and set-up boxes.

SULPHITE PULP—high grade unbleached sulphite pulp.

KRAFT BOARD—all types of kraft fourdrinier boards required for the manufacture of corrugated shipping cases.

NEWSPRINT—standard newsprint paper.